

HONORABLE MICHELLE L. PETERSON

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

QUALITY LOAN SERVICE )  
CORPORATION OF WASHINGTON, )

No. 2:21-cv-00024-MLP

Plaintiff, )

v. )

**UNITED STATES' MOTION FOR  
SUMMARY JUDGMENT**

SAMUEL M. WRIGHT, DIANA L. )  
WRIGHT, INTERNAL REVENUE )  
SERVICE, STATE OF WASHINGTON )  
DEPARTMENT OF LABOR & )  
INDUSTRIES, ISLAND COUNTY )  
TREASURER, WASHINGTON )  
DEPARTMENT OF REVENUE, )

**NOTE ON MOTION CALENDAR:**

**July 2, 2021**

Defendants. )  
\_\_\_\_\_ )

Defendant United States of America moves the Court for summary judgment under Federal Rule of Civil Procedure 56 that \$153,559.07 of the surplus funds from the trustee's non-judicial foreclosure sale of 386 SE Pasek St., Oak Harbor, WA 98277 ("Subject Property") be awarded to the United States of America.

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**UNDISPUTED MATERIAL FACTS**

The Internal Revenue Service ("IRS") made timely assessments against defendant Diana L. Wright for unpaid federal unemployment (Form 940) tax in the amounts and on the dates set forth below, with the unpaid balances, interest, and certain penalties, as follows:

Tax Period	Assessment Date	Assessment Amount	Unpaid Balance as of April 30, 2021
2001	10/10/2011	\$1,525.20 (Unemployment Taxes)	\$903.48
	10/10/2011	\$60.88 (Late Filing Penalty)	
	10/10/2011	\$381.30 (Late Payment Tax Penalty)	
	10/10/2011	\$1,315.89 (Interest)	
	5/18/2015	\$63.12 (Interest)	
2002	10/3/2011	\$1,288.05 (Unemployment Taxes)	\$745.93
	10/3/2011	\$35.79 (Late Filing Penalty)	
	10/3/2011	\$322.01 (Late Payment Tax Penalty)	
	10/3/2011	\$955.37 (Interest)	
	11/21/2011	\$170.00 (Collection Fees and Expenses)	
2003	5/18/2015	\$52.42 (Interest)	\$608.61
	10/3/2011	\$1,720.19 (Unemployment Taxes)	
	10/3/2011	\$45.04 (Late Filing Penalty)	
	10/3/2011	\$430.05 (Late Payment Tax Penalty)	
	10/3/2011	\$1,121.79 (Interest)	
2004	5/18/2015	\$39.05 (Interest)	\$663.14
	10/10/2011	\$1,878.66 (Unemployment Taxes)	
	10/10/2011	\$51.11 (Late Filing Penalty)	
	10/10/2011	\$469.66 (Late Payment Tax Penalty)	
	10/10/2011	\$1,069.02 (Interest)	
2006	5/18/2015	\$42.54 (Interest)	\$1,749.58
	8/29/2011	\$2,210.11 (Unemployment Taxes)	
	8/29/2011	\$497.27 (Late Filing Penalty)	
	8/29/2011	\$552.53 (Late Payment Tax Penalty)	
	8/29/2011	\$732.92 (Interest)	
2007	5/18/2015	\$466.21 (Interest)	\$862.08
	8/29/2011	\$3,073.40 (Unemployment Taxes)	
	8/29/2011	\$80.09 (Late Filing Penalty)	
	8/29/2011	\$660.78 (Late Payment Tax Penalty)	
	8/29/2011	\$655.21 (Interest)	
	8/29/2011	\$307.32 (Tax Deposit Penalty)	
	10/3/2011	\$153.67 (Tax Deposit Penalty)	
2008	5/18/2015	\$52.82 (Interest)	\$516.73
	8/29/2011	\$1,737.36 (Unemployment Taxes)	
	8/29/2011	\$50.44 (Late Filing Penalty)	
	8/29/2011	\$269.29 (Late Payment Tax Penalty)	
	8/29/2011	\$228.92 (Interest)	
	5/18/2015	\$31.66 (Interest)	

Tax Period	Assessment Date	Assessment Amount	Unpaid Balance as of April 30, 2021
2009	8/29/2011	\$922.81 (Unemployment Taxes)	\$268.24
	8/29/2011	\$27.18 (Late Filing Penalty)	
	8/29/2011	\$87.67 (Late Payment Tax Penalty)	
	8/29/2011	\$70.57 (Interest)	
	5/18/2015	\$16.18 (Interest)	
	5/18/2015	\$3.02 (Late Payment Tax Penalty)	
2010	8/29/2011	\$1,564.88 (Unemployment Taxes)	\$95.98
	8/29/2011	\$43.00 (Late Filing Penalty)	
	8/29/2011	\$54.77 (Late Payment Tax Penalty)	
	8/29/2011	\$41.46 (Interest)	
	5/18/2015	\$6.50 (Interest)	
2015	10/8/2018	\$42.00 (Unemployment Taxes)	\$76.17
	10/8/2018	\$9.45 (Late Filing Penalty)	
	10/8/2018	\$6.93 (Late Payment Tax Penalty)	
	10/8/2018	\$6.04 (Interest)	
	10/7/2019	\$3.64 (Interest)	
	10/7/2019	\$3.57 (Late Payment Tax Penalty)	
2016	8/21/2017	\$157.89 (Unemployment Taxes)	\$277.54
	8/21/2017	\$35.53 (Late Filing Penalty)	
	8/21/2017	\$5.53 (Late Payment Tax Penalty)	
	8/21/2017	\$4.33 (Interest)	
	10/8/2018	\$10.52 (Interest)	
	10/8/2018	\$21.32 (Late Payment Tax Penalty)	
	10/7/2019	\$13.25 (Interest)	
2017	10/7/2019	\$12.63 (Late Payment Tax Penalty)	\$108.65
	8/20/2018	\$64.50 (Unemployment Taxes)	
	8/20/2018	\$14.51 (Late Filing Penalty)	
	8/20/2018	\$2.26 (Late Payment Tax Penalty)	
	8/20/2018	\$2.07 (Interest)	
	10/7/2019	\$5.28 (Interest)	
	10/7/2019	\$8.70 (Late Payment Tax Penalty)	

See United States' Exhibit 1 (Lee Declaration) at Exhibits A (IRS Account Transcripts) and B (INTSTD Transcripts). As of April 30, 2021, these liabilities total \$6,876.13.

The Internal Revenue Service ("IRS") made timely assessments against defendant Diana L. Wright for unpaid federal employer (Form 941) tax in the amounts and on the dates set forth below, with the unpaid balances, interest, and certain penalties, as follows:

Tax Period	Assessment Date	Assessment Amount	Unpaid Balance as of April 30, 2021
Q1 2001	9/12/2011	\$4,020.48 (Employer Taxes)	\$6,515.34
	9/12/2011	\$452.62 (Late Filing Penalty)	
	9/12/2011	\$1,005.12 (Late Payment Tax Penalty)	
	9/12/2011	\$3,907.42 (Interest)	
	9/12/2011	\$402.05 (Tax Deposit Penalty)	
	10/17/2011	\$201.02 (Tax Deposit Penalty)	
Q2 2001	3/26/2012	\$2,760.22 (Employer Taxes)	\$10,313.04
	3/26/2012	\$621.05 (Late Filing Penalty)	
	3/26/2012	\$690.05 (Late Payment Tax Penalty)	
	3/26/2012	\$2,666.10 (Interest)	
	3/26/2012	\$276.02 (Tax Deposit Penalty)	
	4/30/2012	\$138.01 (Tax Deposit Penalty)	
Q3 2001	5/14/2012	\$170.00 (Collection Fees and Expenses)	\$9,606.95
	9/12/2011	\$3,886.38 (Employer Taxes)	
	9/12/2011	\$599.57 (Late Filing Penalty)	
	9/12/2011	\$971.59 (Late Payment Tax Penalty)	
	9/12/2011	\$3,467.37 (Interest)	
	9/12/2011	\$205.40 (Tax Deposit Penalty)	
Q4 2001	10/17/2011	\$194.32 (Tax Deposit Penalty)	\$3,803.48
	9/12/2011	\$2,006.94 (Employer Taxes)	
	9/12/2011	\$256.21 (Late Filing Penalty)	
	9/12/2011	\$501.73 (Late Payment Tax Penalty)	
Q1 2002	9/12/2011	\$1,719.81 (Interest)	\$3,874.22
	9/12/2011	\$2,071.57 (Employer Taxes)	
	9/12/2011	\$264.40 (Late Filing Penalty)	
	9/12/2011	\$517.89 (Late Payment Tax Penalty)	
Q2 2002	9/12/2011	\$1,712.57 (Interest)	\$6,178.47
	9/12/2011	\$2,682.22 (Employer Taxes)	
	9/12/2011	\$427.37 (Late Filing Penalty)	
	9/12/2011	\$670.55 (Late Payment Tax Penalty)	
Q3 2002	9/12/2011	\$2,134.79 (Interest)	\$2,758.44
	9/12/2011	\$268.22 (Tax Deposit Penalty)	
	10/17/2011	\$134.11 (Tax Deposit Penalty)	
	9/12/2011	\$1,615.38 (Employer Taxes)	
Q4 2002	9/12/2011	\$193.39 (Late Filing Penalty)	\$3,059.07
	9/12/2011	\$403.84 (Late Payment Tax Penalty)	
	9/12/2011	\$1,236.66 (Interest)	
	9/12/2011	\$2,003.41 (Employer Taxes)	
Q1 2003	9/12/2011	\$217.20 (Late Filing Penalty)	\$4,236.16
	9/12/2011	\$500.85 (Late Payment Tax Penalty)	
	9/12/2011	\$1,477.25 (Interest)	
	9/12/2011	\$2,674.30 (Employer Taxes)	
Q2 2003	9/12/2011	\$304.04 (Late Filing Penalty)	
	9/12/2011	\$668.57 (Late Payment Tax Penalty)	
	9/12/2011	\$1,908.34 (Interest)	
	9/12/2011	\$267.42 (Tax Deposit Penalty)	
	10/17/2011	\$133.71 (Tax Deposit Penalty)	

Tax Period	Assessment Date	Assessment Amount	Unpaid Balance as of April 30, 2021
Q2 2003	9/12/2011	\$1,927.96 (Employer Taxes)	\$3,218.45
	9/12/2011	\$233.59 (Late Filing Penalty)	
	9/12/2011	\$481.99 (Late Payment Tax Penalty)	
	9/12/2011	\$1,328.98 (Interest)	
Q3 2003	9/12/2011	\$2,817.78 (Employer Taxes)	\$5,530.94
	9/12/2011	\$405.62 (Late Filing Penalty)	
	9/12/2011	\$704.44 (Late Payment Tax Penalty)	
	9/12/2011	\$1,879.30 (Interest)	
	9/12/2011	\$281.78 (Tax Deposit Penalty)	
	10/17/2011	\$140.89 (Tax Deposit Penalty)	
Q4 2003	9/12/2011	\$3,760.95 (Employer Taxes)	\$7,411.61
	9/12/2011	\$548.40 (Late Filing Penalty)	
	9/12/2011	\$940.24 (Late Payment Tax Penalty)	
	9/12/2011	\$2,437.03 (Interest)	
	9/12/2011	\$376.08 (Tax Deposit Penalty)	
	10/17/2011	\$188.05 (Tax Deposit Penalty)	
Q1 2004	9/12/2011	\$4,491.19 (Employer Taxes)	\$6,805.58
	9/12/2011	\$508.30 (Late Filing Penalty)	
	9/12/2011	\$1,122.80 (Late Payment Tax Penalty)	
	9/12/2011	\$2,821.04 (Interest)	
	9/12/2011	\$449.12 (Tax Deposit Penalty)	
	10/17/2011	\$224.56 (Tax Deposit Penalty)	
Q2 2004	9/12/2011	\$3,792.73 (Employer Taxes)	\$5,351.20
	9/12/2011	\$403.83 (Late Filing Penalty)	
	9/12/2011	\$948.18 (Late Payment Tax Penalty)	
	9/12/2011	\$2,300.43 (Interest)	
	9/12/2011	\$379.26 (Tax Deposit Penalty)	
	10/17/2011	\$189.64 (Tax Deposit Penalty)	
Q3 2004	9/12/2011	\$1,714.87 (Employer Taxes)	\$2,358.90
	9/12/2011	\$179.73 (Late Filing Penalty)	
	9/12/2011	\$428.72 (Late Payment Tax Penalty)	
	9/12/2011	\$1,006.10 (Interest)	
Q4 2004	9/12/2011	\$2,213.28 (Employer Taxes)	\$3,119.88
	9/12/2011	\$240.35 (Late Filing Penalty)	
	9/12/2011	\$553.32 (Late Payment Tax Penalty)	
	9/12/2011	\$1,248.34 (Interest)	
Q1 2005	9/12/2011	\$2,206.68 (Employer Taxes)	\$6,371.80
	9/12/2011	\$496.50 (Late Filing Penalty)	
	9/12/2011	\$551.67 (Late Payment Tax Penalty)	
	9/12/2011	\$1,193.59 (Interest)	
Q2 2005	9/12/2011	\$3,007.84 (Employer Taxes)	\$9,216.50
	9/12/2011	\$676.76 (Late Filing Penalty)	
	9/12/2011	\$751.96 (Late Payment Tax Penalty)	
	9/12/2011	\$1,547.23 (Interest)	
	9/12/2011	\$300.78 (Tax Deposit Penalty)	
	10/17/2011	\$150.39 (Tax Deposit Penalty)	

Tax Period	Assessment Date	Assessment Amount	Unpaid Balance as of April 30, 2021
Q3 2005	9/12/2011	\$4,226.66 (Employer Taxes)	\$12,784.39
	9/12/2011	\$951.00 (Late Filing Penalty)	
	9/12/2011	\$1,056.66 (Late Payment Tax Penalty)	
	9/12/2011	\$2,057.72 (Interest)	
	9/12/2011	\$422.67 (Tax Deposit Penalty)	
	10/17/2011	\$211.33 (Tax Deposit Penalty)	
Q4 2005	9/12/2011	\$4,044.21 (Employer Taxes)	\$12,059.10
	9/12/2011	\$909.95 (Late Filing Penalty)	
	9/12/2011	\$1,011.05 (Late Payment Tax Penalty)	
	9/12/2011	\$1,847.83 (Interest)	
	9/12/2011	\$404.42 (Tax Deposit Penalty)	
	10/17/2011	\$202.21 (Tax Deposit Penalty)	
Q1 2006	9/12/2011	\$2,825.99 (Employer Taxes)	\$8,311.41
	9/12/2011	\$635.85 (Late Filing Penalty)	
	9/12/2011	\$706.50 (Late Payment Tax Penalty)	
	9/12/2011	\$1,210.79 (Interest)	
	9/12/2011	\$282.60 (Tax Deposit Penalty)	
	10/17/2011	\$141.30 (Tax Deposit Penalty)	
Q2 2006	9/12/2011	\$3,535.27 (Employer Taxes)	\$10,243.99
	9/12/2011	\$795.44 (Late Filing Penalty)	
	9/12/2011	\$883.82 (Late Payment Tax Penalty)	
	9/12/2011	\$1,407.57 (Interest)	
	9/12/2011	\$353.52 (Tax Deposit Penalty)	
	10/17/2011	\$176.76 (Tax Deposit Penalty)	
Q3 2006	9/12/2011	\$4,358.70 (Employer Taxes)	\$12,427.74
	9/12/2011	\$980.71 (Late Filing Penalty)	
	9/12/2011	\$1,089.67 (Late Payment Tax Penalty)	
	9/12/2011	\$1,594.20 (Interest)	
	9/12/2011	\$435.87 (Tax Deposit Penalty)	
	10/17/2011	\$217.93 (Tax Deposit Penalty)	
Q4 2006	9/12/2011	\$3,646.03 (Employer Taxes)	\$10,229.91
	9/12/2011	\$820.36 (Late Filing Penalty)	
	9/12/2011	\$911.51 (Late Payment Tax Penalty)	
	9/12/2011	\$1,217.76 (Interest)	
	9/12/2011	\$364.59 (Tax Deposit Penalty)	
	10/17/2011	\$182.30 (Tax Deposit Penalty)	
Q1 2007	9/12/2011	\$4,030.15 (Employer Taxes)	\$4,786.33
	9/12/2011	\$422.65 (Late Filing Penalty)	
	9/12/2011	\$1,007.54 (Late Payment Tax Penalty)	
	9/12/2011	\$1,224.71 (Interest)	
	9/12/2011	\$403.01 (Tax Deposit Penalty)	
	10/17/2011	\$201.51 (Tax Deposit Penalty)	
Q2 2007	9/12/2011	\$5,888.79 (Employer Taxes)	\$7,896.98
	9/12/2011	\$653.56 (Late Filing Penalty)	
	9/12/2011	\$1,472.20 (Late Payment Tax Penalty)	
	9/12/2011	\$1,609.83 (Interest)	
	9/12/2011	\$141.27 (Tax Deposit Penalty)	
	10/17/2011	\$294.44 (Tax Deposit Penalty)	

Tax Period	Assessment Date	Assessment Amount	Unpaid Balance as of April 30, 2021
Q3 2007	9/12/2011	\$5,480.95 (Employer Taxes)	\$7,203.37
	9/12/2011	\$605.70 (Late Filing Penalty)	
	9/12/2011	\$1,288.02 (Late Payment Tax Penalty)	
	9/12/2011	\$1,344.40 (Interest)	
	9/12/2011	\$129.75 (Tax Deposit Penalty)	
	10/17/2011	\$274.05 (Tax Deposit Penalty)	
Q4 2007	9/12/2011	\$4,576.46 (Employer Taxes)	\$4,986.66
	9/12/2011	\$463.39 (Late Filing Penalty)	
	9/12/2011	\$1,006.82 (Late Payment Tax Penalty)	
	9/12/2011	\$985.76 (Interest)	
	9/12/2011	\$457.65 (Tax Deposit Penalty)	
	10/17/2011	\$228.82 (Tax Deposit Penalty)	
Q1 2008	9/5/2011	\$3,846.39 (Employer Taxes)	\$3,895.84
	9/5/2011	\$367.07 (Late Filing Penalty)	
	9/5/2011	\$788.51 (Late Payment Tax Penalty)	
	9/5/2011	\$734.25 (Interest)	
	9/5/2011	\$384.63 (Tax Deposit Penalty)	
	10/10/2011	\$192.32 (Tax Deposit Penalty)	
Q2 2008	9/5/2011	\$3,474.01 (Employer Taxes)	\$3,532.03
	9/5/2011	\$336.84 (Late Filing Penalty)	
	9/5/2011	\$660.06 (Late Payment Tax Penalty)	
	9/5/2011	\$593.66 (Interest)	
	9/5/2011	\$347.40 (Tax Deposit Penalty)	
	10/10/2011	\$173.70 (Tax Deposit Penalty)	
Q3 2008	9/5/2011	\$2,692.19 (Employer Taxes)	\$2,902.19
	9/5/2011	\$279.94 (Late Filing Penalty)	
	9/5/2011	\$471.13 (Late Payment Tax Penalty)	
	9/5/2011	\$409.97 (Interest)	
	9/5/2011	\$269.22 (Tax Deposit Penalty)	
	10/10/2011	\$134.61 (Tax Deposit Penalty)	
Q4 2008	9/5/2011	\$1,279.78 (Employer Taxes)	\$1,158.75
	9/5/2011	\$113.13 (Late Filing Penalty)	
	9/5/2011	\$204.76 (Late Payment Tax Penalty)	
	9/5/2011	\$169.96 (Interest)	
Q1 2009	8/29/2011	\$1,832.53 (Employer Taxes)	\$1,745.27
	8/29/2011	\$172.04 (Late Filing Penalty)	
	8/29/2011	\$256.55 (Late Payment Tax Penalty)	
	8/29/2011	\$213.34 (Interest)	
	10/1/2012	\$7.65 (Late Payment Penalty)	
Q2 2009	8/29/2011	\$1,700.51 (Employer Taxes)	\$1,460.46
	8/29/2011	\$145.24 (Late Filing Penalty)	
	8/29/2011	\$212.56 (Late Payment Tax Penalty)	
	8/29/2011	\$175.10 (Interest)	
	10/1/2012	\$16.14 (Late Payment Penalty)	
Q3 2009	8/29/2011	\$448.03 (Employer Taxes)	\$454.12
	8/29/2011	\$45.63 (Late Filing Penalty)	
	8/29/2011	\$58.84 (Late Payment Tax Penalty)	
	8/29/2011	\$47.94 (Interest)	
	10/1/2012	\$6.09 (Late Payment Penalty)	

Tax Period	Assessment Date	Assessment Amount	Unpaid Balance as of April 30, 2021
Q4 2009	8/29/2011	\$1,931.33 (Employer Taxes)	\$1,722.82
	8/29/2011	\$175.13 (Late Filing Penalty)	
	8/29/2011	\$183.48 (Late Payment Tax Penalty)	
	8/29/2011	\$147.67 (Interest)	
	10/1/2012	\$23.35 (Late Payment Penalty)	
Q1 2010	8/29/2011	\$3,515.78 (Employer Taxes)	\$3,267.35
	8/29/2011	\$336.10 (Late Filing Penalty)	
	8/29/2011	\$281.26 (Late Payment Tax Penalty)	
	8/29/2011	\$224.41 (Interest)	
	10/1/2012	\$89.62 (Late Payment Penalty)	
Q2 2010	8/29/2011	\$2,691.73 (Employer Taxes)	\$2,440.63
	8/29/2011	\$253.97 (Late Filing Penalty)	
	8/29/2011	\$174.96 (Late Payment Tax Penalty)	
	8/29/2011	\$137.00 (Interest)	
	8/29/2011	\$269.16 (Tax Deposit Penalty)	
	10/3/2011	\$134.59 (Tax Deposit Penalty)	
	10/1/2012	\$67.72 (Late Payment Tax Penalty)	
Q3 2010	8/29/2011	\$2,026.13 (Employer Taxes)	\$2,149.43
	8/29/2011	\$226.37 (Late Filing Penalty)	
	8/29/2011	\$101.31 (Late Payment Tax Penalty)	
	8/29/2011	\$77.20 (Interest)	
	10/1/2012	\$79.78 (Late Payment Penalty)	
Q4 2010	8/29/2011	\$1,939.08 (Employer Taxes)	\$1,777.42
	8/29/2011	\$215.53 (Late Filing Penalty)	
	8/29/2011	\$67.87 (Late Payment Tax Penalty)	
	8/29/2011	\$51.38 (Interest)	
	10/1/2012	\$70.76 (Late Payment Penalty)	
Q2 2015	10/5/2015	\$1,492.55 (Employer Taxes)	\$663.29
	10/5/2015	\$4.88 (Late Payment Tax Penalty)	
	10/5/2015	\$1.77 (Interest)	
	11/13/2017	\$198.00 (Collection Fees and Expenses)	
	10/8/2018	\$64.92 (Late Payment Penalty)	
Q4 2015	10/7/2019	\$33.27 (Interest)	\$3,441.26
	10/8/2018	\$1,897.79 (Employer Taxes)	
	10/8/2018	\$427.00 (Late Filing Penalty)	
	10/8/2018	\$313.14 (Late Payment Tax Penalty)	
	10/8/2018	\$272.91 (Interest)	
	10/7/2019	\$161.30 (Late Payment Penalty)	
Q1 2016	10/7/2019	\$164.03 (Interest)	\$3,792.04
	8/28/2017	\$2,125.95 (Employer Taxes)	
	8/28/2017	\$478.34 (Late Filing Penalty)	
	8/28/2017	\$170.08 (Late Payment Tax Penalty)	
	8/28/2017	\$141.96 (Interest)	
	10/8/2018	\$276.37 (Late Payment Penalty)	
	10/8/2018	\$148.67 (Interest)	
	10/7/2019	\$85.04 (Late Payment Penalty)	
	10/7/2019	\$188.28 (Interest)	



Tax Period	Assessment Date	Assessment Amount	Unpaid Balance as of April 30, 2021
Q2 2016	8/28/2017	\$1,744.73 (Employer Taxes)	\$3,124.82
	8/28/2017	\$392.56 (Late Filing Penalty)	
	8/28/2017	\$113.41 (Late Payment Tax Penalty)	
	8/28/2017	\$93.96 (Interest)	
	10/8/2018	\$226.81 (Late Payment Penalty)	
	10/8/2018	\$119.53 (Interest)	
	10/7/2019	\$95.96 (Late Payment Penalty)	
	10/7/2019	\$151.63 (Interest)	
Q3 2016	8/28/2017	\$1,942.71 (Employer Taxes)	\$3,446.66
	8/28/2017	\$437.11 (Late Filing Penalty)	
	8/28/2017	\$97.14 (Late Payment Tax Penalty)	
	8/28/2017	\$79.76 (Interest)	
	10/8/2018	\$252.55 (Late Payment Penalty)	
	10/8/2018	\$130.34 (Interest)	
	10/7/2019	\$135.98 (Late Payment Penalty)	
	10/7/2019	\$165.65 (Interest)	
Q4 2016	8/28/2017	\$1,562.93 (Employer Taxes)	\$2,746.72
	8/28/2017	\$351.66 (Late Filing Penalty)	
	8/28/2017	\$54.70 (Late Payment Tax Penalty)	
	8/28/2017	\$44.35 (Interest)	
	10/8/2018	\$203.18 (Late Payment Penalty)	
	10/8/2018	\$102.65 (Interest)	
	10/7/2019	\$132.85 (Late Payment Penalty)	
	10/7/2019	\$130.70 (Interest)	
Q1 2017	7/31/2017	\$534.45 (Employer Taxes)	\$844.21
	7/31/2017	\$48.10 (Late Filing Penalty)	
	7/31/2017	\$8.02 (Late Payment Tax Penalty)	
	7/31/2017	\$5.91 (Interest)	
	10/8/2018	\$72.14 (Late Payment Penalty)	
	10/8/2018	\$32.33 (Interest)	
	10/7/2019	\$53.45 (Late Payment Penalty)	
	10/7/2019	\$39.49 (Interest)	
Q2 2017	9/18/2017	\$961.89 (Employer Taxes)	\$1,674.62
	9/18/2017	\$43.29 (Late Filing Penalty)	
	9/18/2017	\$9.62 (Late Payment Tax Penalty)	
	9/18/2017	\$5.41 (Interest)	
	10/8/2018	\$120.24 (Late Payment Penalty)	
	10/8/2018	\$49.54 (Interest)	
	10/7/2019	\$110.61 (Late Payment Penalty)	
	10/7/2019	\$76.22 (Interest)	
Q3 2017	8/20/2017	\$642.45 (Employer Taxes)	\$1,092.94
	8/20/2017	\$144.55 (Late Filing Penalty)	
	8/20/2017	\$32.12 (Late Payment Tax Penalty)	
	8/20/2017	\$28.85 (Interest)	
	10/7/2019	\$86.73 (Late Payment Penalty)	
	10/7/2019	\$53.82 (Interest)	

Tax Period	Assessment Date	Assessment Amount	Unpaid Balance as of April 30, 2021
Q4 2017	8/20/2017	\$85.82 (Employer Taxes)	\$144.59
	8/20/2017	\$19.31 (Late Filing Penalty)	
	8/20/2017	\$3.00 (Late Payment Tax Penalty)	
	8/20/2017	\$2.76 (Interest)	
	10/7/2019	\$11.59 (Late Payment Penalty)	
	10/7/2019	\$7.04 (Interest)	

See United States' Ex. 1 at Exs. A and B. As of the date indicated in the above chart, these liabilities total \$238,137.37.

The United States recorded Notices of Federal Tax Liens encumbering the Subject Property with the County Auditor for Island County, Washington for federal taxes in excess of \$341758.32 owed by Diana Wright as follows:

Date	Document Number	Tax Type	Tax Periods
October 11, 2011	4302568	Form 941	2005 Q1-4; 2006 Q1-4; 2007 Q1-4; 2008 Q1-3
October 11, 2011	4302569	Form 940	2006-2010
October 11, 2011	4302569	Form 941	2008 Q4; 2009 Q1-4; 2010 Q1-4; 2011 Q1
October 11, 2011	4302570	Form 941	2001 Q1, Q3, Q4; 2002 Q1-4; 2003 Q1-4; 2004 Q1-4
November 1, 2011	4303788	Form 940	2001-2004
November 8, 2011	4304202	Form 940	2001-2004; 2006
November 8, 2011	4304202	Form 941	2009 Q1-4; 2010 Q1-4; 2011 Q1
November 8, 2011	4304203	Form 940	2007-2010
April 24, 2012	4314020	Form 941	2001 Q2
October 17, 2017	4432198	Form 940	2016
October 17, 2017	4432198	Form 941	2015 Q2; 2016 Q1-4; 2017 Q1
November 20, 2018	4455268	Form 940	2015, 2017
November 20, 2018	4455268	Form 941	2015 Q4; 2017 Q2-4

See ECF No. 2 at page 2-3 (citing ECF No. 2-1).

The mortgage holder on the Subject Property instituted a non-judicial foreclosure action on the Subject Property as a result of non-payment of mortgage payments. See ECF No. 1-1 at pages 8-9. Plaintiff Quality Loan Services Corporation of Washington executed the sale of the Subject Property, satisfied the obligation to the mortgage holder, and then took \$1,093.35 as

1 “Attorney Fees and Costs” from the remaining proceeds of the non-judicial foreclosure sale of  
2 the Subject Property. *See id.* at pages 2-3. Plaintiff alleged that the \$1,093.35 were fees and  
3 costs associated with its work on the state court interpleader action that Defendant removed. *Id.*  
4 Plaintiff then deposited the remaining \$152,465.72 of the surplus funds with the Island County  
5 state court. *Id.*

## 6 ARGUMENT

7 By operation of 26 U.S.C. §§ 6321 & 6322, federal tax liens arose on the dates of the  
8 assessments, and they attach to all of Defendant Samuel and Diana Wright’s assets, including  
9 their interests in the Subject Property, and the proceeds from the foreclosure sale of the Subject  
10 Property. *See United States v. Palmer*, 2009 WL 1683172, at \*5 (W.D. Wash. June 16, 2009)  
11 (“Pursuant to the Internal Revenue Code, the government of the United States obtains a lien  
12 against ‘all property and rights to property, whether real or personal’ of any person who neglects  
13 or refuses to pay their taxes. The lien arises automatically on the date of the assessment and  
14 continues until the tax liability is satisfied.”) (citing *United States v. National Bank of*  
15 *Commerce*, 472 U.S. 713, 719, 105 S.Ct. 2919 (1985)). Based on its existing tax liens,  
16 Defendants’ tax liabilities owed to the United States are greater than the interpleaded surplus  
17 proceeds from the sale of the Subject Property.

18 It was improper for Plaintiff Quality Loan Service Corporation of Washington to take  
19 attorney fees and costs associated with filing the interpleader action before depositing the  
20 proceeds of the non-judicial foreclosure sale of the Subject Property. The Federal Tax Liens take  
21 priority over any claim by the Trustee or successor Trustee Quality Loan Service Corporation of  
22 Washington. *U.S. By & Through I.R.S. v. McDermott*, 507 U.S. 447 (1993) (“Absent provision  
23 to the contrary, priority for purposes of federal law is governed by the common-law principle  
24 that ‘the first in time is the first in right.’”). Because successor Trustee Quality Loan Service  
25 Corporation of Washington’s claim on the Surplus Funds results from the March 13, 2020 sale of  
26

1 the Subject Property, that claim cannot have come into existence before the United States' claims  
2 based on Federal Tax Liens filed between 2011 and 2018.

3 Nor does 26 U.S.C. § 6323 provide Plaintiff any relief. Although that section includes  
4 two provisions regarding attorneys' fees, neither applies. Subsection (b)(8) only applies where  
5 the attorney fees were accrued in the process of procuring a judgment, which is not the case here  
6 where the fees and costs were incurred as part of the interpleader filing. *Blimpie Int'l, Inc. v.*  
7 *Peacock Ventures, LLC*, 2001 WL 1155076, at \*2 (N.D. Cal. Sept. 19, 2001) ("The exception is  
8 limited by its terms 'to the extent of [the attorney's] reasonable compensation for obtaining such  
9 judgment or procuring such settlement.'"); *see also United States v. State Nat. Bank of Conn.*,  
10 421 F.2d 519, 521 (2d Cir. 1970). In addition, subsection (e)(3) only applies priority to fees and  
11 costs reasonably incurred by attorneys collecting or enforcing an obligation, which might be the  
12 case if the fees and costs were incurred during the non-judicial foreclosure, but since the fees  
13 were incurred as part of this interpleader action (e)(3) also does not apply. *Abex Corp. v. Ski's*  
14 *Enterprises, Inc.*, 748 F.2d 513, 516-517 (9th Cir. 1984). The Federal Tax Liens in this matter  
15 are valid, and because there is no statutory exception to the priority granted those Federal Tax  
16 Liens as the first in time filing, the Federal Tax Liens are superior to Plaintiff's claimed fees and  
17 costs.

18 Plaintiff Quality Loan Service Corporation of Washington was not entitled to take  
19 Attorney Fees and Costs before the United States was fully paid its interest in the Subject  
20 Property. As such, that portion of the Surplus Funds was improperly withheld by Quality Loan  
21 Service Corporation of Washington and must be deposited with the Court and awarded to the  
22 United States.

### 23 CONCLUSION

24 The United States of America asks that the Court order (1) that Quality Loan Service  
25 Corporation be ordered to deposit the \$1,093.35 that it improperly awarded itself with the Court,  
26

1 and (2) that the Court award \$153,559.07 of the surplus funds from the trustee's non-judicial  
2 foreclosure sale of 386 SE Pasek St., Oak Harbor, WA 98277 to the United States.

3  
4 DATED this 4th day of June, 2021.

5 Respectfully submitted,

6 DAVID A. HUBBERT  
7 Acting Assistant Attorney General

8 /s/ James Petrila  
9 JAMES PETRILA  
10 Trial Attorney, Tax Division  
11 U.S. Department of Justice  
12 P.O. Box 683  
13 Washington, D.C. 20044  
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**CERTIFICATE OF SERVICE**

Defendant United States of America, by and through its undersigned counsel, hereby gives notice that on June 4, 2021 it caused true and correct copies of this United States' Motion for Summary Judgment to be delivered to registered parties via ECF, and on the following via U.S. Mail:

RESIDENT  
386 SE PASEK ST  
OAK HARBOR, WA 98277

OCCUPANT  
386 SE PASEK ST  
OAK HARBOR, WA 98277

ISLAND COUNTY TREASURER  
1 NE 7TH STREET  
COUPEVILLE, WA 98239

WASHINGTON DEPARTMENT OF REVENUE  
PO BOX 47450  
OLYMPIA, WA 98504-7450

CURRENT OCCUPANT  
386 SE PASEK ST  
OAK HARBOR, WA 98277

SAMUEL M. WRIGHT  
386 SE PASEK ST  
OAK HARBOR, WA 98277

DIANA L. WRIGHT  
386 SE PASEK ST  
OAK HARBOR, WA 98277

DIANA L. WRIGHT  
326 NW 8TH AVE  
OAK HARBOR, WA 98277

STATE OF WASHINGTON  
DEPARTMENT OF LABOR & INDUSTRIES  
COLLECTIONS  
7273 LINDERSON WAY SW  
TUMWATER, WA 98501 5414

STATE OF WASHINGTON  
DEPARTMENT OF LABOR & INDUSTRIES  
525 EAST COLLEGE WAY, STE H

1 MOUNT VERNON, WA 98273-5500

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Motion for Summary Judgment  
(Case No. 2:21-cv-00024-MLP)